

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 NEA-10 ISO-00 IO-10 CAB-02 CIAE-00

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R 071102Z JUN 75

FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC 3912

INFO AMEMBASSY BEIRUT

C O N F I D E N T I A L SECTION 1 OF 2 NOUAKCHOTT 1146

BEIRUT FOR REGIONAL AIR ATTACHE

EB/CBA FOR LAKAS; AF/W FOR BISHOP

E.O. 11652: GDS

TAGS: EAIR; MR

SUBJECT: PROGRESS REPORT ON HUGHES AIRWEST MAINTENANCE CONTRACT
WITH MAURITANIAN NATIONAL AIRLINE

1. FIFTEEN MONTHS AFTER AIR MAURITANIE (AIRM) DECLARED ITS
INDEPENDANCE FROM U T A AND DAKAR AND ASSUMED RESPONSIBILITY
FOR MAINTENANCE OF ITS OWN AIR FLEET, AND ELEVEN MONTHS AFTER
AIRM ESTABLISHED AN EMBROYNIC MAINTENANCE BASE AT NOUAKCHOTT
AIRPORT, BOUGHT TWO F-27S, AND CONTRACTED WITH HUGHES AIRWEST
TO ORGANIZE AND PROVIDE ALL MAINTENANCE FOR ITS FLEET OF
2 DC-3S 2 DC-4S, 1 PA 31, AND 2 F-27S, THE TIME HAS COME
FOR TAKING STOCK, FOR LEARNING FROM MISTAKES MADE BY GIRM,
AIRM, UN-ICAO ADVISORS, AND AMERICAN CONTRACTOR. STOCK
TAKING IS NECESSARY FIRSTSTEP IN DEVISING NEW ARRANGEMENTS
NEEDED TO PUT AIRLINE AND US INVOLVEMENT ON MORE REALISTIC
AND EFFECTIVE BASIS. DEPARTMENT IS REQUESTED TO CONTACT BOARD
MEMBER CHIEF EXECUTIVE OFFICER OF HUGHES TO INSURE AMERICAN
CONTRACTOR FULLY APPRECIATES CRUCIAL ROLE HUGHES, AS ONE OF
TWO US FIRMS NOW OPERATING IN MAURITANIA, HAS IN DEMONSTRATING
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EXPERTNESS AND COMPETENCE OF US PRIVATE SECTOR AND IN DEVELOPING
AND EXPANING US INVOLVEMENT IN ECONOMIC DEVELOPMENT OF MAURITANIA.

2. AIRM IS IN SUCH A SHAMBLES, IT IS WONDER IT STILL CAN PROVIDE MINIMAL LEVEL IN-COUNTRY AIR PASSENGER AND CARGO SERVICE IT DOES. AIR CREWS CONSIST OF INCOMPLETELY TRAINED, INEXPERIENCED, AND BASICALLY SECOND RATE PERSONNEL. MAJORITY OF COMMAND PILOTS ARE FRENCH COLON ADVENTURERS WHO MAKE LITTLE EFFORT TO CONCEAL THEIR ANTIPATHY FOR HUGHES AS COMPANY AND FOR HUGHES AMERICAN MECHANICS OR THEIR SOMETIMES BLATANT ATTEMPTS TO SABOTAGE EFFORTS OF HUGHES AIRWEST TEAM TO KEEP AIRM AIRCRAFT FLYING. NAIVE CONSOLIDATION BY GIRM MINISTRY TRANSPORT AND AIRM OF TICKET SALES, ACCOUNTING FOR RECEIPTS, AND COLLECTING OF TICKETS IN DIRECTORATE OF OPERATIONS CREATED LICENSE TO STEAL, AND HAS PROVED TO BE JUST THAT IN PRACTICE. DESPITE AIRCRAFT JAMMED WITH PASSENGERS AND FREIGHT, AIRM LOST APPROXIMATELY \$800,000 LAST YEAR. MOREOVER, BOOK-KEEPING AND FISCAL ACCOUNTABILITY ARE IN SUCH CHAOS, THAT EXECUTIVE STAFF OF AIRM REPORTEDLY CANNOT DETERMINE WHAT SUMS ARE OWED TO WHAT VENDORS. RECENTLY HIRED FRENCH ACCOUNTANT SAYS IT WILL TAKE HIM AT LEAST FOUR MONTHS TO SORT IT ALL OUT. MINISTRY TRANSPORT HAS BEEN UNABLE TO PUSH THROUGH CRITICALLY NEEDED IMPROVEMENTS IN FACILITIES AT REMOVE AIRSTRIPS (LENGTHENED RUNWAYS, UNDERGROUND FUEL STORAGE, NAVIGATION AIDS). AS RESULT AIRM IS SEVERELY HAMPERED FROM EXPLOITING FULL POTENTIAL OF EXISTING FLIGHT EQUIPMENT. ON BROADER SCALE, GIRM HAS NOT YET CARRIED THROUGH FUNDAMENTAL ANALYSIS OF ROLE AIR TRANSPORT CAN PLAY IN ECONOMIC DEVELOPMENT OF COUNTRY NOR DEFINE IN ANY EXCEPT MOST GENERAL AND IMPRECISE TERMS ROLE AND MISSION OF AIRM. AT SAME TIME, DEMANDS PLACED ON AIRM DURING PAST FOUR MONTHS BY PERIPATETIC MINISTERS AND SENIOR PARTY OFFICIALS MOVING AROUND COUNTRYSIDE TO PREPARE PARTY CADRES AND TO LAY GROUNDWORK WITH PUBLIC FOR UP-COMING PARTY CONGRESS HAVE BEEN GREATER THAN AT ANY TIME IN PAST FOUR YEARS. AS RESULT, MINIMALLY COMPETENT MANAGEMENT OF AIRM IS UNDER ENORMOUS PRESSURE TO PRODUCE, HVS RUNNING SCARED, AND IS LOOKING FOR SCAPEGOAT. HENCE DETERIORATING RELATIONS BETWEEN AIRM DIRECTOR GENERAL SIDI OULD ZEIN AND MINISTER TRANSPORT, AND ZEIN'S CALL ON AMBASSADOR LAST WEEK TO FOREWARN EMBASSY OF POSSIBILITY OF LAW SUIT AGAINST HUGHES AIRWEST FOR FAILING TO FULFILL CONTRACT AND KEEP AIRM FLEET

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FLYING.

3. UN-ICAO CIVIL AVIATION ADVISORS FAILED TO GIVE GIRM, MINISTRY TRANSPORTATION ON AIRM ANY REAL APPRECIATION OF COMPLEXITY OR COST OF CARRYING OUT POLITICALLY MOTIVATED DECISION TO CUT TIES WITH UTAMNAD SET UP INDEPENDENT MAINTENANCE BASE IN NOUAKCHOTT. WHILE DETAILED STUDY HAS NOW BEEN DONE AND IS IN HANDS OF GIRM, TECHNICAL REPUTATIONS AND PRESTIGE OF DIRECTOR AIRM AND OTHER KEY DECISION MAKERS IS ON THE LINE FOR HAVING ADVOCATED INDEPENDENT MAINTENANCE, FOR HAVING HIRED

AMERICAN RATHER THAN FRENCH FIRM, AND FOR HAVING SIGNED PARTICULAR CONTRACT NOW IN FORCE. HENCE ANY CHANGES AT THIS STAGE WILL BE DIFFICULT TO BRING ABOUT.

4. HUGHES AIRWEST TURNS OUT TO HAVE BEEN ARCHTYPE OF INNOCENTS ABROAD. HARD-DRIVING SUPERSALESMAN AND HUGHES VICE PRESIDENT ED ALTMAN APPEARS TO HAVE BEEN AT LEAST AS CONCERNED WITH GETTING COMPETITIVE JUMP ON HIS RIVALS IN EXECUTIVE SUITE INFIGHTING AS ESTABLISHING EFFECTIVE MAINTENANCE SYSTEM AND GETTING WORKABLE CONTRACT. HUGHES, WHICH IS FIRST AMERICAN COMPANY TO SET UP SHOP IN MAURITANIA, CLEARLY FAILED TO LOOK AT BOTTOM OF WELL BEFORE IT JUMPED IN. HASTY VISIT TO NOUAKCHOTT TO DRAFT AND SIGN CONTRACT APPARENTLY LEFT LITTLE TIME TO INVESTIGATE CONDITION OF OLD AND UNUSED HANGER WHICH WAS TO BECOME MAINTENANCE CENTER; MAINTENANCE PROFILE OF AIRM AIRCRAFT; SEVERE DUST AND AMBIENT TEMPERATURE PROBLEMS HERE AND EVEN WORSE CONDITIONS AT GRAVEL AIR STRIPS IN INTERIOR; AND ON PERSONNEL SIDE, REALITIES OF HOUSING, LACK OF RECREATION, MEDICAL CARE ETC. TWO EXAMPLES WILL PERHAPS SUFFICE: (FIRST) HUGHES TEAM WAS NOT RPT NOT AWARE THAT BLOCK MAINTENANCE SCHEDULES REQUIRED PULLING EVERY PLANE IN AIRM FLEET OUT OF SERVICE FOR MAJOR OVERHAUL THE MONTH AFTER HUGHES ASSUMED RESPONSIBILITY FOR MAINTENANCE UNTIL HUGHES TOP LEADER STUMBLED ONTO

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ACTION EB-07

INFO OCT-01 AF-06 NEA-10 ISO-00 IO-10 CAB-02 CIAE-00

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THIS CRUSHING FACT AFTER HE HAD BEEN ON JOB HERE FOR ONE WEEK. (SECOND) HUGHES HAD NO CLERICAL OR FRENCH LANGUAGE CAPABILITY UNTIL EMBASSY WIFE POINTED OUT CRITICAL NEED FOR BOTH SKILLS TO FORMER TEAM CHIEF AND TOLD HIM HE HAD BETTER HIRE HER. FORTUNATELY FOR IMAGE OF COMPANY AND OF US AS TECHNICALLY COMPETENT SOCIETY, HUGHES HAS NOW RECRUITED FIRST CLASS MAINTENANCE CHIEF WHO IS AT ONCE HIGHLY SKILLED TECHNICIAN AND EXCEEDINGLY PRECEPTIVE AND ASTUTE OPERATOR WITH YEARS OF EXPERIENCE THREADING HIS WAY THROUGH MANAGERIAL/TECHNICAL WONDERLAND OF UNDERDEVELOPED COUNTRIES. AL PITTS HAS RIGHTFULLY EARNED RESPECT AND ADMIRATION OF MAURITANIANS, EXPATRIATE ADVISOR (INCLUDING IN REVERSE, FRENCH COLONIALISTS WHO HAVE REDOUBLED THEIR EFFORTS AGAINST AMERICANS), AND AMERICAN STAFF. HE IS SHARPLY AWARE OF AND IS WORKING TO CORRECT DEFFICIENCIES OF ORIGINAL ARRANGEMENT, AND IS ATTEMPTING TO PERSUADE AIRM AND HUGHES TO FINANCE NEEDED IMPROVEMENTS. HE IS SLOWLY BUT STEADILY BRINGING ORDER OUT OF CHAOS HE INHERITED. IF DEVELOPING UNDERSTANDING IN AIRM AND MINISTRY CAN BE MATCHED BY EQUAL AMOUNT OF UNDERSTANDING AND IMAGINATION IN SAN FRANCISCO AND PHOENIX, UP-COMING CONVERSATIONS BETWEEN ALTMAN AND SIDI OULD ZEIN MAY LEAD TO SENSIBLE RENEGOTIATION OF AIRM-HUGHES CONTRACT. OUTCOME OF WEEK LONG MEETING SLATED TO BEGIN IN SAN FRANCISCO JUNE 12 OR 13 (PITTS AND ZEIN ARE CONFIDENTIAL

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DEPARTING NOUAKCHOTT JUNE 11), HOWEVER, WILL BE IN CONSIDERABLE DOUBT UNLESS TECHNICALLY KNOWLEDGABLE AND INTER-CULTURALLY SENSITIVE HUGHES EXECUTIVES WITH OVERSEAS SAVVY (SUCH AS ROBERT JORGENSEN, MAINTENANCE VICE PRESIDENT) ARE PERMITTED TO JOIN WITH HARDCHARGER ALTMAN IN REVIEWING AND REVISING CONTRACT ARRANGEMENTS WITH AIRM DIRECTOR GENERAL.

5. RE OVERALL PROBLEM: NECESSARY RE-THINKING OF ROLE OF AIR TRANSPORT IN ECONOMIC DEVELOPMENT OF MAURITANIA, THE REQUIRED REVIEW AND REVISION OF CONCEPTUAL BASIS, ORGANIZATION, AND OPERATION OF AIRM HAS BEEN GIVEN MAJOR PUSH FORWARD BY ON-GOING VISIT OF TWO MAN ICAO STUDY TEAM. ALTHOUGH ORIGINAL OBJECTIVE OF TEAM WAS TO ANALYZE ROLE WHICH AIR TRANSPORT COULD PLAY IN DEVELOPMENT OF MAURITANIA (AS IT JUST DID IN MALI), MINISTER OF TRANSPORTATION IMMEDIATELY LEVIED ADDITIONAL REQUIREMENT ON TEAM OF TELLING HIM HOW TO FIX AIRM. AT MID POINT OF TWENTY DAY VISIT, US AND FRENCH TEAM MEMBERS HAVE INTERVIEWED KEY FIGURES IN MINISTRIES PLANNING, RURAL DEVELOPMENT, AND EQUIPMENT AS WELL AS COMMERCE AND TRANSPORTATION AND AIRM. US MEMBER (ROBINSON) INFORMED AMBASSADOR JUNE 6 THAT TEAM IN SCHEDULED ORAL PRESENTATION TO MINISTER TRANSPORTATION AND IN FOLLOW-UP WRITTEN REPORT WILL VIGOROUSLY RECOMMEND GIRM "GO BACK TO SQUARE ONE", RETHINK ROLE IT WANTS AIR TRANSPORT TO PLAY IN ECONOMIC DEVELOPMENT OF COUNTRY, DEFINE PRECISELY ROLE OF AIRM AND ESTABLISH EXACT AND DETAILED PARAMETERS AND GUIDELINES.

THEN IT CAN PROCEED TO ANALYSIS OF WHERE AIRM IS NOW, WHERE IT SHOULD HEAD, AND HOW TO GET THERE. TEAM WILL ALSO STRESS NEED FOR TOTAL APPROACH AIMED AT GENERAL, ACROSS BOARD IMPROVEMENTS. FINALLY, IT WILL SUGGEST STRONGLY THAT ONLY FEASIBLE SOLUTION IS OVERALL MANAGEMENT CONTRACT WITH COMPETENT AND EXPERIENCED FOREIGN AIRLINE. WHILE TEAM CANNOT OVERTLY RECOMMEND US AIRLINES IT WILL STIPULATE SERIES OF MANAGEMENT, TECHNICAL, AND EXPERIENCE QUALIFICATIONS WHICH CAN IN FACT ONLY BE MET BY GOOD US CARRIER. MOREOVER, TEAM PLANS TO CITE EXPERIENCE OF ETHIOPIAN AIRWAYS AND OTHER US TUTORED AFRICAN AND ARAB CARRIERS TO ILLUSTRATE GENERATION-LONG DEVELOPMENT PROGRAM REQUIRED TO BUILD AIRM INTO SUCCESSFUL AIRLINE OPERATION. ROBINSON BELIEVES HUGHES SHOULD BE GIVEN FIRST CRACK AT BROAD MANAGEMENT CONTRACT. EMBASSY IS INCLINED TO AGREE PROVIDED HUGHES IS INTERESTED AND HAS CAPABILITY REQUIRED, SINCE MAURITANIANS HAVE ALREADY PAID IMPRESSIVE PRICE IN TIME AND EFFORT FOR

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EDUCATION OF ONE US COMPANY IN PHYSICAL AND CULTURAL PECULARITIES AND IMPERATIVES OF MAURITANIA. HARDLY SEEMS JUSTIFIABLE TO ASK THEM TO DO IT SECOND TIME. IN ANY EVENT, QUESTION OF OVERALL MANAGEMENT CONTRACT IS NOT RIPE FOR DISCUSSION IN SAN FRANCISCO; GIRM IS ONLY BEGINNING TO CONSIDER IT, AND IT IS DOUBTFUL ZEIN IS PRIVY TO PRELIMINARY THOUGHTS OF MINISTER.

6. WHILE SENIOR LEVELS OF GIRM ARE IN PROCESS OF CONSIDERING OVERALL SOLUTION TO BROADER PROBLEM, HUGHES AND AIRM CAN AND SHOULD GET ON WITH IMPROVEMENT OF PRESENT ARRANGEMENTS FOR HANDLING MAINTENANCE FUNCTION. ALTHOUGH PITTS REPORTS THAT HUGHES (SPECIFICALLY ALTMAN) HAS CLEARLY EXPRESSED ITS INTENTION AND DETERMINATION TO MAKE SUCCESS OF CURRENT MAINTENANCE EFFORT, HE BELIEVES AND EMBASSY WHOLEHEARTEDLY CONCURS THAT IT WOULD BE MOST USEFUL IF SENIOR OFFICIAL(S) IN STATE AND/OR COMMERCE COULD INSURE TOP LEVEL OF HUGHES AIRWEST APPRECIATES IMPORTANCE USG PLACES ON SUCCESSFUL EXECUTION OF AIRM CONTRACT. FACE TO FACE OR TELEPHONE CONTACT WITH MEMBER OF BOARD OR CHIEF EXECUTIVE OFFICER (OR FAILING THAT, WITH ALTMAN) OUTLINING GENERAL US COMMERCIAL AND POLITICAL INTEREST IN MAURITANIA, CRITICAL IMPORTANCE OF HUGHES PERFORMANCE TO SUCCESSFUL EXPLOITATION OF POTENTIALLY FERTILE FIELD FOR US PRIVATE COMPANIES HERE, AND HENCE CRUCIAL NEED TO MAKE CERTAIN HUGHES AIRWEST INVOLVEMENT IN MAURITANIA IS OUTSTANDING SUCCESS. DEPENDING ON RESPONSE, DEPARTMENT MAY ALSO WISH, ON CONFIDENTIAL BASIS, TO OUTLINE HIGHLY TENTATIVE POSSIBILITY FOR ENLARGING SCOPE PRESENT HUGHES EFFORT INTO OVERALL MANAGEMENT CONTRACT. HANDYSIDE

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